



March 30, 2012

## Elected Taxpayer Advocate Calls for Lowering State's 7.25% Sales Tax

By Ken Stone

The vice chairwoman of the state Board of Equalization wants the state to reduce its sales tax of 7.25 percent as a way to lessen the bite of higher gas prices.

California gasoline prices jumped 23 percent in 2011 to an average of \$3.86 as consumer consumption fell 1.8 percent, according a report released Friday by [Michelle Steel](#) of the Board of Equalization.

"Californians get hit not only with the pump price, but also with higher sales tax payments on gas and higher costs for all consumer goods that are produced or transported using gasoline," said Steel, Southern California's elected taxpayer advocate on the board.

"Even as gas consumption decreases, sales tax revenues will continue to rise because of higher prices. Cutting the sales tax, already the highest in the nation, would go a long way to helping consumers fuel their cars and purchase the goods they need to live their lives."

Her statement does not address the ongoing California budget deficit, [estimated to be \\$28 billion](#) over the next two fiscal years.

A Republican who represents more than 8 million people in the board's Third District (including San Diego County), Steel says she has promised to "protect taxpayers from the overbearing government that her family encountered."

Her official website says:

*Steel's commitment to taxpayers began three decades ago when she watched her mother fight an unwarranted Board of Equalization tax bill. As an immigrant small*

*business owner, Michelle's mother lacked the resources to successfully fight a massive state agency and reluctantly acceded to the Board's demands.*

Steel has signed the Taxpayer Protection Pledge, and oppose all new taxes and tax increases.

“When adjudicating tax appeals, she will always presume that a taxpayer is innocent until proven guilty,” her website says.

Meanwhile, the average price of a gallon of self-serve regular gasoline in San Diego County fell a half-cent Friday to \$4.33, its eighth decrease in 10 days.

The average price is 1.8 cents less than one week ago and 2.6 cents lower than a month ago but 28.9 cents higher than a year ago.

“Despite a large drop in wholesale prices earlier this month, so far we haven't seen a corresponding big decline at the pump,” said Jeffrey Spring of the Automobile Club of Southern California.

The average price has declined 3.3 cents over the past 10 days, including seven-tenths of a cent Thursday.

Steel also reported that diesel fuel prices in California rose 25 percent in the fourth quarter of 2011 to \$4.13 as consumption increased 2.3 percent.

According to the BOE Economic Perspective, the overwhelming majority of diesel fuel sold for use on California roads is for commercial trucks.

The diesel market is affected by the economy, imports and exports through California ports, and supply and demand conditions in residential and nonresidential construction, and agriculture.

“Many Californians are struggling with high prices and taking steps to reduce their gasoline consumption,” said a Board of Equalization statement.

“The decline in gasoline use in California began in 2005, a few years before the recession began. Gasoline use has also been affected by changes in commute patterns brought on by the recession and high unemployment rates—especially in the decline of extremely long commutes. National fuel economy standards may also affect consumption in California.”

Energy economist Severin Borenstein of UC Berkeley's Haas School of Business, explained that oil prices drive gasoline prices up, the board said.

Global factors largely determine the price of oil. However, because oil is a global commodity and demand in India, China, and elsewhere in the developing world is skyrocketing, responses by California's consumers cutting back on gas purchases has only a minor impact on worldwide demand.

U.S. oil production was up 13 percent in 2011 over 2008, but still remains less than one-tenth of the world oil market, the board said. California gasoline and diesel fuel figures are net consumption, including audit assessments, refunds, amended and late tax returns, and the State Controller's Office refunds.

BOE is able to monitor gallons through tax receipts paid by fuel distributors in California. BOE updates the fuel reports at the end of each month.

- [Fuel Statistics and Reports](#)
- [Taxable Gasoline Gallons Report](#)
- [Taxable Diesel Gallons Report](#)

*City News Service contributed to this report.*